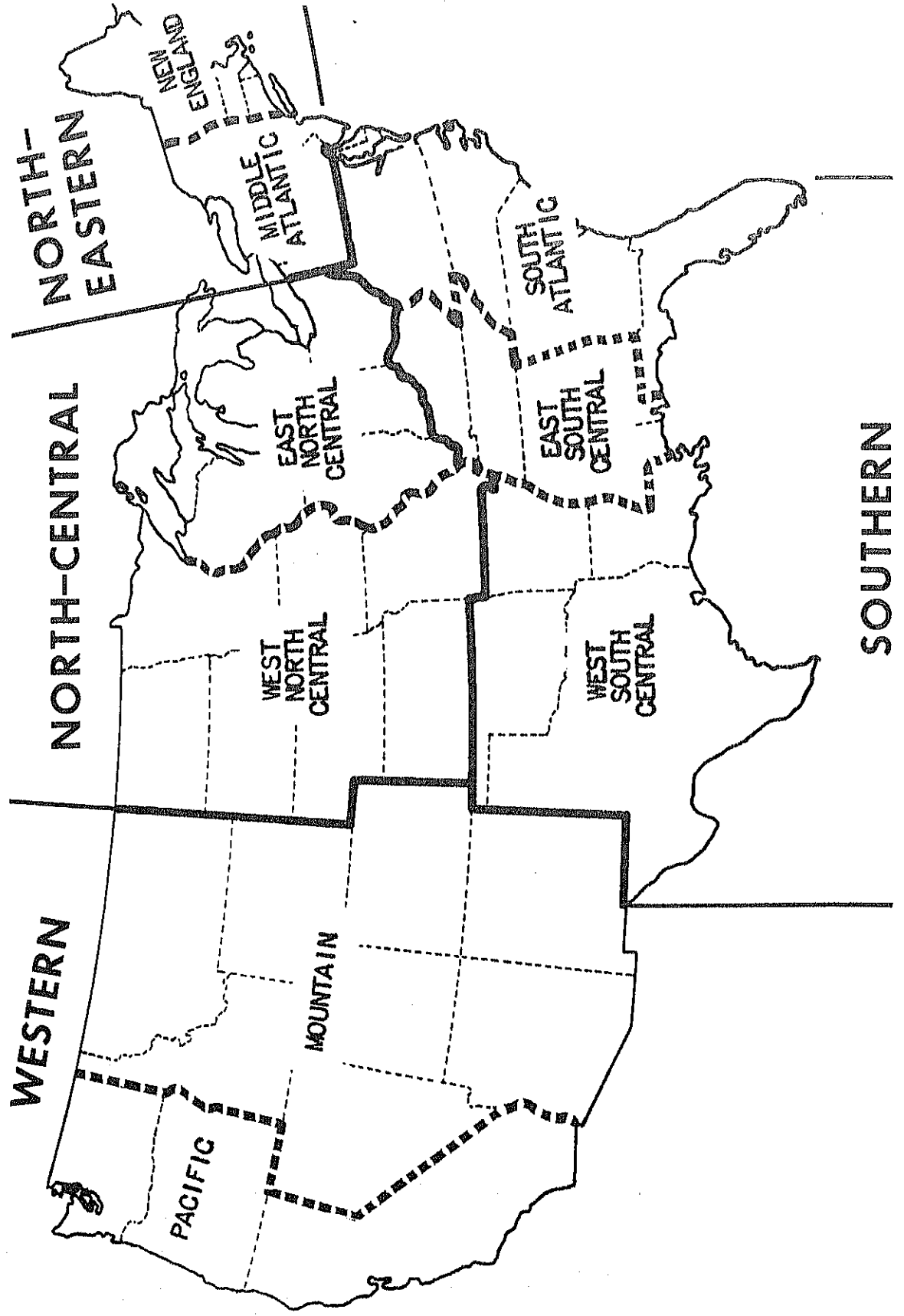


**AGRICULTURAL COMMODITY PROMOTIONS:
FEATURES ENCOURAGING PARTICIPATION
OF RETAILERS AND WHOLESALERS**

CENSUS DIVISION REGIONS USED IN STUDY QUESTIONNAIRE



ABSTRACT

Agricultural promotional groups face keen competition from brand advertisers in securing trade support for commodity campaigns. Brand advertisers offered U.S. food firms approximately 10,000 promotional campaigns in 1968, versus a maximum of 200 offers from agricultural organizations. Moreover, brand advertisers include dealer incentives that are not offered by agricultural groups. However, retail and wholesale merchandisers like to participate in well-planned commodity promotions because of the greater flexibility afforded in promoting a wide array of brands, as well as the firm's own private-label merchandise. The following features contributed to successful commodity campaigns and encouraged trade participation: trade incentives, good display materials, intensive media advertising, good coordination, timing with respect to seasonal supplies and demand, and joint promotion of complementary products by two or more agricultural commodity groups or a commodity organization and a brand advertiser.

Keywords: Economics, market development, advertising programs, and trade associations

PREFACE

This study is part of a research program conducted by the Economic Research Service (ERS) to help agricultural producers and producer-supported organizations expand markets and reduce costs of marketing farm products. An attempt was made to delineate factors for the management of producer-supported agricultural promotional organizations to consider in designing campaigns that would more effectively and efficiently use producer funds spent on market development through promotion.

Charles Shvanda, former employee of the U.S. Department of Agriculture (USDA) aided in the initial development and planning of the study. Howard Christie and William H. Freund, Marketing Economics Division, ERS, USDA, were responsible for interviewing respondents in the north-central and western regions, respectively.

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HIGHLIGHTS

Promotional techniques which wholesalers and retailers believe contribute to successful agricultural commodity campaigns and encourage their participation include: (1) joint promotions of complementary products by two or more agricultural commodity groups or by an agricultural commodity group and a brand advertiser; (2) trade and dealer incentives (cooperative advertising agreements and dealer contests), (3) strong media-advertising campaigns; (4) consumer incentives (coupons and stamps, primarily); (5) point-of-purchase (POP) display material appropriate to the campaign and the size and decor of stores; (6) field representatives who are aware of trade needs and can recognize and provide trade service requirements; (7) consumer education programs; (8) proper timing of promotions with respect to supply and seasonal demands; and (9) coordination of campaign plans with retail merchandisers and other segments of the trade. Most respondents in a nationwide sample of retail and wholesale food firms had participated in one or more such campaigns during 1968.

Factors limiting trade participation in commodity campaigns include: (1) poorly planned campaigns; (2) too many promotions at the same time; (3) poor or nonexistent liaison and field representation; (4) too high a cost in personnel time; (5) poor timing with respect to supply and seasonal demand; and (6) poor quality of promoted products. Most respondents had not participated in campaigns that turned out to be disappointing because they had rejected solicitations involving poorly planned campaigns. However, those who had participated in disappointing campaigns reported that these lacked the features listed above for successful campaigns.

The current state of field representation, a factor limiting trade participation, is one of the greatest weaknesses of agricultural commodity organizations. Respondents believed that such groups should pool their resources to obtain better representatives. Solicitations should be made in person 4-8 weeks before the promotion; thus, any questions could be cleared up immediately, and respondents would also have enough leadtime to participate effectively. When seeking support for their campaigns, commodity groups should approach merchandisers located at division or headquarters levels; these persons make the decisions about participation.

Respondents who did not use point-of-purchase material object mainly to the size of the material supplied. Overwire pennants and large posters, for example, are not suitable for the decor of modern supermarkets. Use of POP material is a major concern of agricultural commodity groups because of the cost involved and the sales they think may be lost if the material is not used. Respondents suggested that commodity groups prepare catalogues of their materials; then a proper assortment could be ordered for different-sized stores. This, of course, would require considerable leadtime prior to the promotion.

Agricultural commodity groups are also concerned about the competition they face from brand advertisers. During 1968, respondents reported receiving thousands of offers from brand advertisers to participate in their campaigns. Generally, these campaigns were well planned and were supported through media advertising, dealer service representatives, and consumer incentives, as well as through monetary inducements to the trade in the form of advertising allowances to feature the product in retailers' media advertisements.

For commodity promotional campaigns sponsored by agricultural groups, respondents said they received an average of 38 solicitations during 1968. The average number received per firm varied from 30 in the southern region to 43.5 in the north-central region. Offers received by respondents ranged from 0 to 200. Nationwide, the average participation rate in these campaigns was 62 percent, or 24 campaigns annually. Participation ranged from 45 percent in the northeastern region to 81 percent in the western region. Ratings for participation were full, partial, and passive (degrees of support described on p.5). On the basis of full participation, respondents in the southern and north-central regions gave the highest support to agricultural commodity promotions--about two-thirds of solicitations received, or 20 to 30 campaigns annually. In contrast, for brand promotions, respondents reported an average participation of 39 percent, ranging from 29 to 50 percent among different types of firms. However, respondents had many more brand promotions than commodity promotions from which to select.

AGRICULTURAL COMMODITY PROMOTIONS:
Features Encouraging Participation
of Retailers and Wholesalers

By

Peter L. Henderson and Ralph Parlett 1/

INTRODUCTION

Agricultural producers have become increasingly active in promoting the sales of their products through organized efforts. A survey conducted by the U.S. Department of Agriculture (USDA) in 1958 revealed that approximately 1,130 organized groups, including commissions, institutes, boards, cooperatives, and State departments of markets, were actively conducting sales promotional campaigns with annual expenditures of approximately \$67 million.^{2/} A similar survey conducted in 1963 revealed the number of agricultural organizations conducting promotional campaigns had increased to 1,172, with an additional 375 collecting funds and contributing financially to programs conducted by these organizations. Agricultural groups spent approximately \$86 million in 1962 and had budgeted expenditures of \$92 million in 1963.^{3/} The number of such groups actively conducting promotional activities in 1970 probably exceeds 1,200, with expenditures of \$110 to \$120 million.

Although a promotional campaign can be effective in increasing product demand and in marketing excess supplies during short periods of time, the effectiveness is limited if the campaign is not supported by retailers and wholesalers. Stimulating consumer interest through media advertising, publicity, and other activities is of little value for sales if products are not available and are not properly displayed in the outlets where they are usually purchased. Commodity promotional groups, except for marketing cooperatives, are in a difficult position for soliciting trade cooperation in conducting campaigns.^{4/} These groups do not hold title to products promoted and perform no marketing function other than that of sales-promotion activities. To obtain trade support, they cannot give price concessions or use other similar means available to brand advertisers or owners of a product. Moreover, the budgets of such organizations are relatively small. This precludes the use of media advertising massive enough for consumers to ask retailers to stock a particular product.

The management of commodity promotional groups recognize the handicaps associated with the uniqueness of their operations and the necessity of ingenuity in developing campaigns that will attract the consumer, as well as the trade. In this respect, budget limitations generally preclude developing the market intelligence and research required for planning effective programs. Thus, managers must seek help from public agencies to solve problems requiring professional research.

^{1/} Agricultural economist and economic assistant, respectively, Marketing Economics Division, Economic Research Service.

^{2/} Frye, Robert E., and Grubbs, Violet Davis. Promotion of Farm Products by Agricultural Groups, U.S. Dept. Agr., Mark. Res. Rpt. 380.

^{3/} Twining, Carl R., and Henderson, Peter L. Promotional Activities of Agricultural Groups, U.S. Dept. Agr., Mark. Res. Rpt. 742.

^{4/} Throughout this report, the term "commodity" refers only to agricultural goods.

Through several studies conducted by USDA in cooperation with various commodity groups as tests of the relative sales effectiveness of specific merchandising and promotional techniques, the problem of merchandising support by the trade was brought into sharp focus.^{5/} The sales impact of beneficial merchandising and promotional practices applied simultaneously was found to be much greater than the sum of the effects of each acting alone. Findings of these studies suggested the need for additional research that would aid in the designing of promotional programs acceptable to the trade. Many commodity groups have asked the Department to conduct such research.

OBJECTIVES AND PROCEDURES

Objectives of the study were to determine factors that influence, induce, or discourage trade cooperation and participation in commodity promotional campaigns. Specific aims were (1) to identify, where possible, items managers of firms consider when deciding whether to accept solicitations to participate in commodity promotions and (2) to delineate techniques for commodity campaigns that will benefit both producers and the trade.

The study was based on personal interviews with management personnel of 100 major food firms distributed throughout the nine census divisions of the 48 contiguous States. The survey period was January 1968 to February 1969. The number and type of food firms selected in each division was proportionate to the percentage of total food sales accounted for by each division and by the type of firm.^{6/}

A modified, random sampling procedure was used within each census division to reduce the amount and cost of travel. Firms with headquarters located in a city with less than four headquarters of major food firms were eliminated from consideration unless the city was within easy commuting distance of other cities with two or more headquarters of firms. Nationwide, this practice reduced the number of cities from which sample firms could be drawn to approximately 50. The number of sampling units of four firms each were determined and numbered within each census division. Random-number tables were used to draw the required number needed for the sample. This procedure determined the cities and the number of firms within each city from which samples were drawn. Specific firms for primary and alternate samples within each ownership classification were randomly drawn from lists of firms in the sample cities selected.^{7/}

Items to be included in the questionnaire used in the interviews were determined from problems observed and encountered in the previously cited studies, in conversations with representatives of producer organizations, and in correspondence with approximately 100 representatives of commodity promotional groups. A tentative questionnaire was then prepared covering problem areas cited. Merchandisers representing approximately 10 food firms located in Baltimore, Washington, D.C., and New York City were asked to criticize and to make suggestions for improving the questionnaire. Revisions were made based on these suggestions and the questionnaire was then field tested among firms located in the Baltimore-Washington area. Final revisions were made prior to the initiation of fieldwork.^{8/}

^{5/} For example, see: Henderson, Peter L., Hind, James F., and Brown, Sidney E., Special Promotional Programs for Apples, U.S. Dept. Agr., Mark. Res. Rpt. 446; Henderson, Peter L., Hind, James F., and Brown, Sidney E., Promotional Programs for Lamb and Their Effect on Sales, U.S. Dept. Agr., Mark. Res. Rpt. 522; and Hind, James F., Eley, Cleveland P., and Twining, Carl R., Special Promotional Promotions for Winter Pears, U.S. Dept. Agr., Mark. Res. Rpt. 611.

^{6/} Based on statistics contained in U.S. Department of Commerce, 1963 Census of Business - Retail Trade, BC 63-RA1, pp. 4-100 and 4-187.

^{7/} See appendix for cities and number of firms interviewed in each city.

^{8/} See appendix for copy of questionnaire.

Data were coded and machine-tabulated by type of firm that respondents represented and by region in which the firm was located. Separate tabulations and chi-square (X^2) tests were made for each frequently mentioned response to items in the questionnaire. These tests were made to determine whether differences in percentages of respondents giving specific answers, who were from different regions or represented different firms, were greater than could be expected from sampling variations at stated probability levels. In addition, standard errors of estimates for the percentages of these respondents were calculated for each region and type of firm in the total sample (app. tables 1 and 2). Intervals of 5 percentage points from 5 through 95 percent were used. The errors are estimates of the expected variability in sample percentages from repeated samples similar to the one used in the study. These standard errors were used to interpret the relative importance (or ranking), of answers given to specific questions. For example, if the difference between two percentages was over twice as much as the standard error of estimate, the difference was considered to reflect the relative importance of factors to the respondents rather than to indicate sampling variability.^{9/}

Since this report is largely descriptive and the analyses were voluminous, X^2 values were not included in the tables. However, the statistical tests, along with their economic implications, were considered in interpreting survey results, and any significant relationships have been pointed out.

In addition to the statistical tests described above, unsolicited comments made by respondents in explaining answers to specific questions were used in interpreting data.^{10/}

PARTICIPATION IN PROMOTIONS

Brand Promotions

Wholesalers and retailers are offered thousands of promotions yearly by the many regional and national brand advertisers of a wide array of different products. Responses of wholesalers and retailers interviewed indicated that each brand advertiser generally offered one or more promotions--during the study period--for each of his products. When asked how many brand promotions had been offered them in the past year, most respondents answered "hundreds" or "thousands." Where records of offers were maintained, 150 to 200 offers were received each week, or approximately 10,000 during the year, for all types of promotions.^{11/} Brand promotions varied from a simple case allowance or advertising allowances to full-fledged campaigns with media advertising supported by dealer incentives, consumer incentives, and special displays. Because there were so many of these promotions, most retailers were selective and participated in only a relatively small percentage. Over one-third of the respondents (36 percent) claimed that they used less than 5 percent of the promotions offered. Those who claimed to participate in half to all of the brand promotions offered represented primarily voluntary chains and wholesaler firms owned cooperatively by independent retailers who were performing a supply function (table 1). These organizations participated by passing all promotion offers on to their customers or retail members. Although many retailers indicated participation in only a relatively small percentage

^{9/} Standard errors (se) of percentages can be used to calculate standard errors of differences between percentages ($se \frac{y_1}{n_1} - \frac{y_2}{n_2} = \sqrt{(se \frac{y_1}{n_1})^2 + (se \frac{y_2}{n_2})^2}$) and were used

in the "T" tests to compare 2 percentages. However, the T-test is not appropriate for more than 2 items (means or percentages). Thus, it was used in these analyses as an indicator.

^{10/} Comments were recorded by interviewers as time permitted; however, since systematic procedures for recording comments were not incorporated in the study, no attempt was made to tabulate number or percentage of respondents making similar comments. However, those comments recorded were used in interpreting data.

^{11/} Because of the wide discrepancy between estimates of the number of brand promotion offers received and the number received from firms that maintained records, tabulations were not made.

Table 1.--Percentage of retail-wholesale trade accepting brand promotions by region and type or organization, January 1968 - February 1969

Region and type of organization	Percentage of brand promotions accepted ^{1/}					Weighted average
	0-4	5-24	25-49	50-74	75-100	
	<u>Percent</u>					
Region:						
Northeast.....	38.5	19.2	19.2	3.9	19.2	28.9
South.....	44.0	4.0	8.0	20.0	24.0	34.8
North-central.....	22.6	12.9	6.4	25.8	32.3	50.2
Western.....	44.4	5.6	---	22.2	27.8	33.3
All regions.....	36.0	11.0	9.0	18.0	26.0	39.0
Type of organization:						
Corporate chains.....	38.6	10.5	10.5	19.3	21.1	35.7
Voluntary chains.....	21.7	21.7	4.3	21.7	30.4	44.6
Retailer-owned cooperatives.....	38.5	---	7.7	15.3	38.5	47.4
Service wholesalers....	57.1	---	14.3	---	28.6	32.7
All organizations....	36.0	11.0	9.0	18.0	26.0	39.0

^{1/} Data were originally tabulated at class intervals of 5 percentage points. Because of the small percentage in each 5-percent class interval between 5 and 100, data were collapsed to class intervals of 20 and 25 percent; however, weighted averages were calculated from the percentage in each 5-percent class interval.

of brand offers, average participation was 39 percent of solicitations received. Moreover, it could be surmised from the conversation of those participating that most of the brand items contained in the firms' newspaper advertisements were associated with brand promotional offers involving case allowances for advertising. In this respect, a limited survey of foodstore advertising in a sample of newspapers among the cities selected revealed that approximately 25 brand-name items were included each week in retail foodstore advertisements. This average did not include lesser in-store-type promotions that may have been associated with brand promotions. On the basis of solicitations received by firms that maintained records, respondents' estimates of participation appear reasonable. Most firms participated to some degree in 40 to 80 brand promotions per week, which far outnumbered participation in commodity promotions.

Commodity Promotions

Agricultural commodity promotions were not as numerous as brand promotions. The 100 firms interviewed received--during the previous year--an average of 38 solicitations for cooperation in commodity promotional campaigns. The number of solicitations or offers ranged from 0 to 200; however, most firms (72) received less than 50 offers and almost half (41) received less than 20 offers (table 2). It was not always possible to interview all buyers or merchandisers or both, for all departments of food firms; and merchandisers interviewed were not aware of all offers made to other departments. Thus, these estimates may be slightly low. However, over 60 percent of solicitations for commodity promotions were accepted and supported to some degree. Considerable variation in participation was found among the different census regions. The Northeast showed only 45-percent participation; the southern and north-central regions had about 66-percent participation each; while the West participated in 81 percent of the offers. These rates are quite a contrast to that for brand promotion offers, which averaged 39-percent participation over all firms and regions.

The degree of support given by the trade to commodity promotions was rated in three categories: full, partial, and passive. Full support was defined as prominently featuring the commodity in the firm's media advertisements, supported by special displays--in other words, an all-out effort. Partial support was defined as a line in the newspaper ads and some extra in-store display effort. Passive support meant only that the product was available in the store and that perhaps some simple point-of-purchase (POP) display material was used. Of the promotions accepted, firms in the Northeast supported 40 percent fully, 51 percent partially, and 9 percent passively. The north-central region gave 61-percent full, 28-percent partial, and 11-percent passive support. The South seemed the most enthusiastic with 69-percent full, 22-percent partial, and 9-percent passive support. The West gave 50-percent full support and 31-percent partial support, and the highest passive support at 19 percent. In summation, the southern, western, and north-central census regions seemed to be the most active participants in commodity promotions. Although the West showed 81-percent participation, the high percentage of promotions supported passively was an offsetting factor. Thus, the percentage of promotions receiving full and moderate support from the three regions was approximately equal. Wholesalers and retailers in the Northeast seemed to participate the least, both in the percentage of offers accepted and in the extent of support. This low rate may have resulted from the following: (1) This region is a deficit-producing area of a greater number of food items than are the other areas; thus, the per unit prices for such items tend to be relatively higher because of added transportation cost; and (2) there is less pressure from the standpoint of public relations to cooperate with local commodity organizations. For example, food firms with outlets serving New York and New England apple-producing areas would, no doubt, more readily accept a commodity promotional campaign sponsored by applegrowers from those areas than a campaign sponsored by Washington and Virginia applegrowers or promotions for commodities produced outside the New York and New England areas.

Table 2.--Promotional offers from agricultural commodity groups received and accepted by food firms, by region, January 1968 - February 1969

Item and region	Promotional offers received					Totals and Averages
	0-4 ^{1/}	5-19	20-49	50-99	100-	
Offers received by food firms in--	Percent					
Northeast.....	15	27	31	8	19	100
South.....	8	32	28	28	4	100
North-central.....	10	23	36	16	16	<u>2/</u> 101
West.....	11	44	28	---	17	100
All regions.....	11	30	31	14	14	100
Average number of offers received per food firm in-- ^{3/}	Number					
Northeast.....	0	8	33	50	135	<u>4/</u> 42
South.....	0	11	28	52	100	30.0
North-central.....	0	12	30	56	130	<u>4/</u> 43.5
West.....	0	10	26	---	133	34.1
All regions.....	0	10.4	29.7	53.4	130.4	38.1
Average number of offers accepted per food firm in-- ^{3/}	Number					
Northeast.....	0	7	15	30	53	19.1
South.....	0	10	18	33	62	19.8
North-central.....	0	9	19	40	85	<u>4/</u> 29.0
West.....	0	9	4	---	118	<u>4/</u> 28.0
All regions.....	0	8.8	17.1	35.1	78.6	23.8
Offers accepted by food firms in-- ^{5/}	Percent					
Northeast.....	0	93	46	60	40	<u>4/</u> 45.4
South.....	0	86	65	60	62	66.6
North-central.....	0	74	63	72	65	66.7
West.....	0	87	55	---	88	<u>4/</u> 80.6
All regions.....	0	84.0	57.4	65.9	60.3	62.6

^{1/} No respondents reported receiving 1, 2, 3, or 4 offers. Thus, firms in this category received zero or no offers.

^{2/} Does not add to 100 because of rounding.

^{3/} For individual regions, rounded to nearest whole number.

^{4/} Significance varies among regions at .10 probability level.

^{5/} Percentages based on total offers received and total accepted in each region and on the total for all regions.

FACTORS LIMITING PARTICIPATION IN COMMODITY PROMOTIONAL CAMPAIGNS

Respondents indicated a wide array of factors that had limited their participation in commodity promotional campaigns. These ranged from "company policy" to "too many promotions at one time to participate in all." Factors most frequently given included: Too many promotions at one time; too costly in personnel time; poorly planned or presented campaigns, or both; poor or no liaison between commodity groups and various segments of the trade; poor timing with respect to seasonal demand and time requirements of the trade; poor quality of promoted products; products not available at reasonable prices; and late delivery or no delivery of supporting promotional materials (table 3). Respondents' comments suggested that many of these factors were interrelated and could be summarized under the general heading of poor planning and liaison.

Planning of Campaigns

Of all the factors limiting participation, planning was mentioned most. Nationwide, 61 percent gave this as a reason; regionally, the response was: Northeast, 77 percent; South, 72 percent; the north-central region, 55 percent; and West, 33 percent. The West was the only region that listed other factors more frequently than poor planning. In that region, cost in time and poor liaison with various segments of the trade were given by 61 and 39 percent of the respondents, respectively. Respondents listed several factors individually, including liaison and coordination; timing of promotions; and late delivery or no delivery of promotional materials. These are elements in the overall planning of commodity promotions; however, because of the emphasis placed on them by respondents, they are treated separately.

Respondents' comments concerning poor planning largely centered on: (1) Lack of knowledge of trade needs and practices; (2) unrealistic goals or targets; (3) poor presentation of the promotional program to firms; and (4) lack of followthrough by representatives of commodity groups.

Respondents' comments concerning trade practices and needs emphasized that modern food retailing is self-service. No longer is a knowledgeable salesclerk present to advise consumers of the features and uses of products. In this environment, products must be presold and attractively displayed to attract consumers' attention. Competition between firms for consumer patronage is generally storewide; quality, service, price, variety, and a pleasant shopping environment are emphasized. Price competition involves featuring items, usually those with a high rate of turnover or strong seasonal demand, in newspaper advertisements of foodstores. Even though respondents may sometimes have featured items in their advertisements at cost to attract patronage, they were more likely to feature those that are in heavy supply and are reasonably priced; any losses incurred on these items must be made up on sales of other items. Respondents voiced their willingness to help in promotional efforts to market temporary gluts and excessive supplies as an aid in stabilizing prices. However, they believed that commodity organizations could make improvements in keeping the trade informed of potentially critical supply situation and of the scheduling of their promotional activities.

Regardless of whether margins were lowered on featured items, respondents were interested in maintaining the movement of other goods. Thus, they welcomed promotional offers of items that could be merchandised easily and could help maintain or increase department or storewide sales. The promotion of this type of item generally involves techniques that will attract the consumers' attention in retail foodstores and product information showing how consumers will benefit from its use. For example, this may include information on how a product can be used and perhaps add glamour to a meal and complement other menu items.

Table 3.--Regional distribution of responses on factors limiting retail-wholesale trade participation in agricultural commodity promotional campaigns, February-March 1969

Factor	Regions				
	Total	Northeast	South	North-central	West
	<u>Percent</u>				
Poor planning.....	61	77	72	<u>1/55</u>	<u>1/33</u>
Too many promotions at one time to participate in all.....	55	58	<u>1/72</u>	55	<u>1/28</u>
Poor or no liaison.....	50	65	56	<u>1/39</u>	<u>1/39</u>
Too costly in personnel time.....	30	15	<u>1/32</u>	23	<u>1/61</u>
Poor timing.....	29	27	<u>1/52</u>	26	<u>1/6</u>
High prices.....	22	<u>1/12</u>	36	<u>1/16</u>	28
Late delivery and no delivery of POP materials <u>2/</u>	19	23	16	26	<u>1/6</u>
Poor quality of product:	10	--	<u>1/20</u>	6	<u>1/17</u>
Company policy.....	9	8	8	6	<u>1/17</u>
Miscellaneous.....	11	4	12	10	22

1/ Statistical significance varies among regions at .06 probability level.

2/ POP means in-store point-of-purchase display materials.

Both the way a campaign is presented to the trade and the followthrough used received criticism from respondents. In general, their criticisms centered on the quality of field representatives of commodity organizations and their general lack of knowledge of marketing and of the trade's service requirements. Most respondents recognized the handicaps faced by commodity organizations in securing well-qualified personnel for short periods of time. They suggested, therefore, that groups promoting commodities with different marketing seasons consider joining forces to offer year-round employment at salaries that would attract competent personnel.

Criticism pertaining to presentations and followthrough can be summarized as follows: (1) Presentations did not show the benefits to the trade; (2) fieldmen did not understand all facets of the promotional campaign; (3) POP material was not always coordinated with media-advertising themes or was inappropriate for stores; and (4) fieldmen failed to followthrough with service to the trade, in ensuring delivery of POP materials and in providing liaison between shippers and buyers related to market conditions and condition of products.

Number of Campaigns Offered

Over half the respondents (55 percent) said they rejected commodity promotions because they could not participate in all the offers they received. The percentage listing "too many promotions at one time" varied from 28 percent in the West to 72 percent in the South. The percentages for the northeastern and north-central regions were 58 and 55 percent, respectively. In this respect, most respondents were referring to too many commodity promotional offers during specific periods of time. However, it is possible that they were thinking of total brand and commodity promotions. This seems plausible since previous questions had revealed that most respondents received more brand promotional offers during a week than commodity promotional offers during a year.

Liaison and Coordination

Inadequate or nonexistent liaison and coordination between commodity groups and various segments of the trade was given by 50 percent of all respondents as a factor limiting participation. Regionally, the percentages varied from 65 and 56 percent in the Northeast and the South, respectively, to 39 percent each in the north-central and western regions. Respondents mentioning liaison commented on such items as the failure of commodity groups to provide wholesalers and retailers with advance information about overall promotional plans and supply conditions, and the complete lack of knowledge on the part of sales agencies at shipping points of promotional activities of the commodity groups. Most respondents indicated they needed to know well in advance the overall promotional plans, with tentative dates of commodity groups' campaigns, so that these could be included in the firms' merchandising and promotional plans. In addition, they wanted to be informed of unusual factors, such as freezing, which affects delivery of supplies to channels of distribution.

Suggestions concerning liaison activities with sales agencies at shipping points included: Informing shippers of detailed promotional plans, including timing and markets to be covered; including shippers in program planning to ensure followup sales efforts in the market to be covered; and educating growers and shippers on the merits of obtaining a good rate of movement and reasonable prices for specific crops at the beginning of the marketing season.

Personnel Time Requirements

Thirty percent of respondents gave cost in personnel time as a limiting factor in participating in commodity promotional campaigns. The percentages varied from 15 percent in the Northeast to 61 percent in the West. Included in these costs were such items as added time required by store personnel to erect special displays; time needed to maintain the display and the backroom stock supply; and time of supervisory personnel involved in added administrative duties. No doubt, respondents listing personnel time considered personnel cost related to potential gain in sales volume; comments of many respondents who said personnel time was not a limiting factor suggested they thought potential gains from participation would more than offset the cost of added efforts. In general, reactions of these respondents can be summarized as follows: Cost associated with store personnel time is relatively stable; thus, firms appeared to place more emphasis on the relative sales gains that could be obtained from alternate promotional offers. However, among those who did not consider personnel time cost as a limiting factor, many objected to the added administrative costs involved with certain types of promotions; for example, the cost of supervising contests and the accounting and interest cost associated with coupons.

In designing their campaigns and soliciting cooperation and participation of wholesale and retail food firms; management of agricultural organizations with commodity promotional campaigns should recognize that these firms are highly competitive and generally operate on the lowest gross margin and profit margin of any industry. Furthermore, to remain competitive, they must use labor and other resources efficiently to attain large sales volumes and high rates of product turnover. Thus, even though personnel cost was considered a limiting factor by only about one-third of the respondents, such cost indirectly influenced the policies and operating practices of these firms.

Timing and Price Level

About one-fourth of the respondents gave (1) poor timing with respect to seasonal demand, (2) the high price level, and (3) time requirements of the trade as the reasons for limiting their participation in commodity promotional campaigns. Regionally, the percentage of respondents listing poor timing was: 27 percent in the Northeast, 52 percent in the South, 26 percent in the north-central region, and 6 percent in the West. The regional distribution of responses with respect to high prices (too high for successful promotion) was: northeast, 12 percent; South, 36 percent; the north-central region, 16 percent, and West, 28 percent. Many respondents (including those who did not indicate timing as a limiting factor) emphasized that timing was a critical element in maximizing the sales response to promotional campaigns. They pointed out that a strong seasonal demand was associated with most agricultural commodities and that this demand generally coincided with peak quality and lowest prices. Many respondents suggested that promotions conducted during such periods reinforce the propensity to consume and help establish a higher-than-normal rate of consumption that tends to carry over throughout the marketing season. Conversely, when supplies are short and prices are higher, promotions are not as successful; moreover, there is less need for intensified promotional activities.

Delivery of Point-of-Purchase Material

Nationwide, one out of five respondents listed late delivery or no delivery of POP material as limiting their participation in commodity promotions. The incidence was greatest in the north-central region, 26 percent, followed by the northeast region, 23 percent. In the South, 16 percent of respondents listed this factor, while in the West, only 6 percent did. It is somewhat paradoxical that a relatively high percentage of retailers and wholesalers mentioned late delivery or no delivery of POP material

while commodity promotional groups said they could not get retailers to use materials which they prepare at considerable expense. Some respondents who listed late or no delivery may have referred to only one past incidence; however, late delivery or no delivery could have occurred often enough to make the trade reject the use of such materials.

Product Quality

Quality of the product was important as limiting trade participation only in the South and the West, where 20 and 17 percent of the respondents, respectively, listed this factor. This is understandable economically. Both regions are leading commercial producing areas for most fruits and vegetables and are surplus-producing areas relative to the northeastern and north-central regions.

In this respect, it is an economic fact of life that higher quality products go to the more distant markets, while lower quality products are marketed nearer the producing area. This is because the relative consumer demand, with respect to price, for top quality and low quality products is approximately the same in close and distant markets. The shipping-point demand, with respect to price, is equal to consumer demand less transportation cost and retailer margins, which are largely fixed. Thus, both demands are relatively greater for the lower quality products in markets nearer producing areas. Therefore, while wholesalers and retailers in nearby markets, such as those in the southern and western regions desire top quality products, the relative prices they and other wholesalers and retailers are willing to pay govern the flow of goods into various markets.

Company Policy

Only 9 percent of the respondents interviewed said their company had a policy opposing participation in commodity promotional campaigns. Firms located in the western region gave this as a limiting factor more frequently than in the other regions--17 percent for the West versus 8 percent for the South; 8 percent for the Northeast; and 6 percent for the north-central region. In general--as indicated elsewhere--most respondents indicated they liked well-planned commodity campaigns better than brand campaigns because commodity promotions allowed greater flexibility in the firm's operations and did not cause inventory and bookkeeping problems associated with many brand promotions. However, among companies who did not oppose participation in commodity campaigns, the policies of some limited the degree of participation. For example, some companies limited the use of certain POP display material because of the interior decor of stores, while others may have limited the amount of display space devoted to each product. In addition, because of specifications contained in contracts with labor unions or company policy, or both, some firms did not participate in sales or other contests involving store personnel. Comments relative to this latter policy largely centered on the ideas that: (1) Store personnel should not be given added incentive for performance covered by their basic wages; (2) contests based on sales tended to encourage dishonest practices by store personnel, such as listing the closing inventory of the product covered by the contest under the inventory of other products; and (3) pushing sales of the promoted product could detract from total department or store sales. The percentage of firms with policies prohibiting participation in commodity campaigns and in campaigns with certain features was relatively small in total. However, the importance of restrictions on types of promotional offers may be highly significant in selected markets. For example, if union contracts prevent the participation of one firm's employees in contests, such restrictions are likely to be marketwide. In addition, similar restrictive policies relative to contests of a firm that accounts for a large share of the volume of business in a market would limit the effectiveness of marketwide promotional campaigns emphasizing a dealer contest.

Unfortunately, there is no easy way to identify markets and firms with restrictive policies. Such knowledge is accumulated through experience. Thus, commodity groups whose promotional activities include markets with firms having restrictive policies for certain types of campaigns need to document these firms and the type of activities restricted so that alternative offers can be developed.

COMMUNICATION AND COORDINATION PROCEDURES

The importance of coordinating commodity promotional campaigns is recognized both by commodity organizations and by retailers and wholesalers. Problems encountered in this area by commodity groups are probably more acute than those encountered by brand advertisers, since the commodity organizations, excluding cooperatives, do not perform any marketing function other than that of sales promotion. Thus, these groups must rely on communication and other persuasive measures to obtain the cooperation of food firms. In this respect, respondents were asked to suggest steps that would help improve communication and coordination between commodity groups and the trade. Specific areas covered included: (1) Management level in retail and wholesale food firms to be contacted by promotional groups when seeking cooperation; (2) length of time or leadtime required by food firms to schedule their activities to participate in promotions; and (3) means of informing various segments of the trade of proposed promotional activities to obtain maximum participation of retailers and followup sales support by suppliers.

Management Level to Approach

When cooperation was sought in promotional campaigns, the management level to approach was found to be the same for all types of firms and to depend on the organizational structure of the firm involved. For large firms with several division headquarters, the division department head (merchandiser or merchandiser-buyer) responsible for merchandising activities for the product being promoted made decisions about participation in promotional activities, except for regional or nationwide promotional campaigns. The latter had to be cleared with the department head responsible at the central headquarters. For smaller chains with only a central headquarters, the decision to participate was made by the department head (merchandiser or merchandiser-buyer) responsible for the product involved.^{12/}

Leadtime Required

The majority of respondents (72 percent) indicated they need a minimum of 4 to 6 weeks leadtime to prepare for a promotion. Approximately 10 percent of respondents said they could--in emergency situations--prepare for a promotion in 2 weeks, but they preferred as much advance notice as possible. The remaining respondents (19 percent) indicated their merchandising and promotional activities were planned 8 to 12 weeks in advance. This amount of leadtime allows time to notify store managers of the promotion and to give any special instructions that might be necessary. It also gives the retailer time to plan his media advertising and to secure and distribute extra supplies for expected sales increases. In addition, time is required to receive and distribute POP promotional material. These are a few of the details the retailer must handle to effectively participate in a promotion. Therefore, the more leadtime given, the better prepared the retailer will be and the more support he will be able to give. In this respect, many respondents suggested that commodity groups give the trade a promotional calendar of their activities for the entire marketing season.

^{12/} Information concerning organizational structure, as well as names, addresses, and phone numbers of merchandisers or buyers, or both, can be obtained from trade publications such as Super Market Guide, published annually by Chain Store Age, or Grocery Store Route List, published by metropolitan newspapers. These publications generally list names and titles of officials for each food firm in specific markets or trading areas.

How to Advise the Trade

The method of approach preferred by most respondents (78 percent) was a personal visit by a trained representative. Most indicated this visit was imperative for the first contact, and that followup contacts could be made by telephone or mail. Informing the trade of proposed promotional plans in this manner was considered the most practical approach. In general, the merchandiser wants to get a complete understanding of the program, including "ad layouts" and display material. Telephone or mail does not afford this advantage. Most merchandisers indicated they did not have time to read mail offers, since they are deluged with mail concerning their normal operations. Moreover, the personal visit allows better communication between the commodity representative and the merchandiser. All plans for the promotional campaign can be explained more easily and any areas in question can be settled. Merchandisers claimed that time is saved in the long run because problems are settled in the beginning.

Emphasis was placed on trained or qualified representatives. Merchandisers appreciate fieldmen who know and understand merchandising; they are able to show retailers how a promotion can be used to best advantage. Such men know the retailer's needs and are a definite asset to the commodity groups they represent. Most respondents recognized that many commodity groups are unable to hire full-time, well-qualified fieldmen because of budget limitations. Here, respondents suggested that rather than resorting to part-time, untrained representatives, several commodity groups cooperate in hiring trained fieldmen to represent a number of products. Respondents pointed out that this arrangement offers many advantages for products whose marketing seasons do not overlap seriously. One advantage cited was that of obtaining a reduction in the area covered by each service representative; this would enable him to devote more time to each firm serviced. Through the economies thus gained, commodity organizations could attract better qualified personnel and reduce turnover. In this respect, many respondents commented that they never really got an opportunity to become well acquainted with field representatives of commodity groups or learned how to contact them when necessary.

In summary, good field representation has a key role in the communication and coordination of commodity promotional activities. The field representative must be able to establish rapport with the trade and must sell the program of the group he represents. He must be knowledgeable and articulate and must recognize what service needs of the trade he can provide. At the same time, he should give the commodity groups management information to use in conducting more effective campaigns.

TECHNIQUES ENCOURAGING TRADE PARTICIPATION IN COMMODITY PROMOTIONAL CAMPAIGNS

Respondents were asked which promotional campaign features would encourage or induce them to participate in campaigns sponsored by commodity organizations. Specific questions covered: (1) Joint or cooperative promotional campaigns; (2) trade and consumer incentives; (3) techniques that would induce respondents to tie in their media advertising; and (4) use of POP material. Additionally, each respondent was asked to state specifically what features or techniques he would incorporate in a commodity promotional campaign if he were designing it.

Joint Promotional Campaigns

Joint promotions consist of two or more organizations joining forces to promote the sale of a single product or two or more complementary products. Joint efforts may be conducted by two or more commodity groups or by a commodity group and a brand advertiser. Such joint or cooperative efforts between organizations offer certain advantages of mutual benefit to cooperators. These include cost savings, greater intensity, efficiency in use of dealer service representatives, and ease in providing consumers with information on uses of products in various combinations.

Respondents listed, from their viewpoint, advantages and disadvantages of three different joint approaches that commodity promotional organizations could use. These were: (1) Commodity promotional groups and brand advertisers for the same product; (2) commodity promotional groups and brand advertisers for complementary and closely related items; and (3) different commodity groups joining together to promote a group of complementary items.

In general, most respondents (over 75 percent) favored joint promotional campaigns and indicated that, overall, the advantages far outweighed the disadvantages that might be associated with such activities (tables 4, 5, and 6). The percentages favoring each of the three joint promotional approaches were about the same (70 to 77 percent). However, an inspection of the questionnaires and answers revealed that, while the majority liked all three approaches, some who did not see any advantage in a particular joint promotion did favor one of the other approaches. For example, some respondents did not see any advantages in a commodity group and a brand advertiser jointly promoting a single product, but they did see advantages in commodity groups and brand advertisers joining forces to promote complementary products.

There was considerable variation among regions as to the percentage of respondents favoring joint or cooperative promotional efforts. The southern and north-central regions favored joint promotions more than the northeastern and western regions did. Nationwide, approximately 20 to 25 percent of respondents listed disadvantages for the various joint promotional alternatives. The regional percentages varied from 4 to 32 percent (tables 4, 5, and 6).

The advantages cited for promotional campaigns for the same product that were jointly sponsored by advertisers and commodity groups included greater intensity of advertising and other efforts and incentives to the trade provided by brand advertisers. The major disadvantages cited involved retailers' lack of freedom to promote other brands (table 7). In general, answers and comments were the same for joint promotions of complementary or related products whether the promotions were sponsored by two commodity groups or by commodity groups and brand advertisers. Moreover, promotion of two or more products was favored more by the trade than were campaigns for a single product. Respondents believed that campaigns for two or more products helped the sales of a group of products because of the resulting greater intensity, and that these campaigns provided the optimum setting for information on the various uses of the promoted products. Most commented that recipes, menus, and product-use information were especially important to young housewives with limited experience in food preparation. Specific advantages suggested by most respondents included: Intensifies advertising, dealer service, and other promotional activities as a result of pooling of resources; tends to sell all items promoted; increases sales as products sell each other; promotes impulse sales through attractive menu suggestions; and offers a means of promoting small-volume or slow-moving items that by themselves do not warrant intensive effort (tables 7, 8, 9, and 10).

Although most respondents approved of joint promotions of complementary or related items, they mentioned some problems. Those most frequently encountered resulted from physical characteristics of products. Problems involved properly displaying the product and coordinating the in-store promotional effort with media advertising and other promotional activities. Products that are normally displayed in one department of a foodstore caused no great difficulty except allocation of space. However, display problems were encountered with jointly promoted products that are normally displayed in different departments and locations. Ideally, jointly promoted products should be displayed in close proximity to each other; this facilitates use of attention-attracting POP material and results in maximum sales response to the promotional effort. Frequently, displaying the products near each other is not easy because of the physical and

Table 4.--Regional distribution of responses on advantages and disadvantages of joint promotions for the same product by agricultural commodity groups and brand advertisers, February-March 1969

Response	Percent				
	Northeast	South	North-central	West	Total
	-----Percent-----				
Advantages <u>1/</u>	66	72	74	67	70
Disadvantages <u>1/</u>	20	4	29	12	<u>2/17</u>
Advantages and disadvantages.....	(8)	--	(26)	(16)	<u>2/(11)</u>
Neither advantages or disadvantages.....	4	20	3	22	2/11
Don't know and no answers.....	20	4	19	6	13
Total <u>3/</u>	110	100	125	107	111

1/ Includes responses listed separately under advantages and disadvantages.

2/ Variation among regions significant at .10 probability level.

3/ Does not add to 100 because of multiple answers and rounding.

Table 5.--Regional distribution of responses on advantages and disadvantages of joint promotions for complementary products by agricultural commodity groups and brand advertisers, February-March 1969

Response	Percent				
	Northeast	South	North-central	West	Total
	-----Percent-----				
Advantages <u>1/</u>	77	80	84	61	<u>2/77</u>
Disadvantages <u>1/</u>	27	8	32	28	<u>2/24</u>
Advantages and disadvantages.....	(8)	--	(26)	(11)	<u>2/(8)</u>
Neither advantages or disadvantages.....	--	--	--	17	<u>2/3</u>
Don't know and no answer.....	16	12	2	11	12
Total <u>3/</u>	120	100	118	117	116

1/ Includes responses listed separately under advantages and disadvantages.

2/ Variation among regions significant at .05 probability level.

3/ Does not add to 100 because of multiple answers and rounding.

Table 6.--Regional distribution of responses on advantages and disadvantages of joint promotions for complementary products by two or more agricultural commodity groups, February-March 1969

Response	Percent				
	Northeast	South	North-central	West	Total
Advantages <u>1/</u>	54	88	78	56	<u>2/</u> 70
Disadvantages <u>3/</u>	12	16	26	23	19
Advantages and disadvantages.....	(12)	(8)	(20)	(6)	<u>4/</u> (12)
Neither advantages or disadvantages.....	--	--	6	17	<u>4/</u> 5
Don't know and no answers.....	46	4	10	11	18
Total <u>3/</u>	112	108	120	107	112

1/ Includes responses listed separately under advantages and disadvantages.

2/ Variation among regions significant at .05 probability level.

3/ Does not add to 100 because of multiple answers and rounding.

4/ Variation among regions significant at .01 probability level.

Table 7.--Regional distribution of responses on specified advantages and disadvantages of joint promotions for the same product by a brand advertiser and an agricultural commodity group, January 1968-February 1969

Responses	Region				
	Northeast	South	North-central	West	Total
<hr/>					
	<hr/> Percent <u>1</u> /----- <hr/>				
Advantages:					
Greater intensity.....	30.8	48.0	51.6	38.9	<u>2</u> /43.0
Brand advertisers give advertising allowances.....	15.4	16.0	9.7	---	<u>2</u> /11.0
Established brands attract attention.....	7.7	16.0	3.2	---	<u>2</u> /7.0
Increased sales.....	19.2	---	9.7	22.2	<u>2</u> /12.0
Help private labels....	---	---	---	5.6	<u>2</u> /1.0
No answer and don't know.....	26.9	20.0	25.8	33.3	26.0
Total.....	100.0	100.0	100.0	100.0	100.0
<hr/>					
Disadvantages:					
None.....	69.2	92.0	71.0	83.3	<u>2</u> /82.0
Mentions only one brand name.....	7.7	4.0	---	5.6	<u>2</u> /4.0
Commodity groups do not contribute enough:	7.7	---	6.4	---	<u>2</u> /4.0
Restricts promotion of other brands.....	---	---	6.4	---	<u>2</u> /2.0
Miscellaneous.....	3.8	---	9.7	11.1	<u>2</u> /6.0
No answer and don't know.....	11.5	4.0	6.4	---	<u>2</u> /6.0
Total.....	100.0	100.0	99.9	100.0	100.0

1/ Percentages do not add to 100 because of rounding.

2/ Variation among regions significant at .10 probability level.

Table 8.--Distribution of responses on advantages and disadvantages of joint promotions for the same product by brand advertisers and agricultural commodity groups, by type of organization represented, January 1968-February 1969

Response	Type of organization				
	Corporate	Voluntary	Retailer-	Service	Total
	chains	chains	owned cooperatives	wholesalers	
-----Percent-----					
Advantages:					
Greater intensity.....	45.6	47.8	25.0	28.6	<u>1/43.0</u>
Brand advertisers give allowances.....	7.0	21.7	16.7	---	<u>1/11.0</u>
Established brand attracts attention :	10.0	---	8.3	---	<u>1/7.0</u>
Increased sales.....	10.5	17.4	16.7	---	<u>1/12.0</u>
Helps private label....	1.8	---	---	---	<u>1/1.0</u>
No answer and don't know.....	25.1	13.1	33.3	71.4	<u>1/26.0</u>
Total.....	100.0	100.0	100.0	100.0	100.0
Disadvantages:					
None.....	75.5	53.3	92.3	85.7	<u>1/75.0</u>
Display difficulty....	1.5	0	0	0	1.0
Mentions only one brand name.....	10.8	13.3	0	14.3	<u>1/10.0</u>
Commodity groups do not contribute enough:	1.5	0	0	0	1.0
Miscellaneous.....	1.5	26.7			5.0
No answer and don't know.....	9.2	6.7	7.7	0	8.0
Total.....	100.0	100.0	100.0	100.0	100.0

1/ Variation between types of firms significant at .10 probability level.

Table 9.--Distribution of responses on advantages and disadvantages of joint promotions for complementary products by brand advertisers and agricultural commodity groups, by type of organization represented, February 1969

Response	Type of organization				
	Corporate chains	Voluntary chains	Retailer-owned corporation	Service wholesalers	Total
<hr/>					
	<hr/> Percent <hr/>				
Advantages:					
Brand advertisers give allowances.....	---	8.7	8.3	---	<u>1</u> /3.0
Suggest more use for products.....	21.1	8.7	8.3	14.3	<u>1</u> /16.0
Greater intensity promotes sales.....	39.4	43.5	25.0	14.3	<u>1</u> /37.0
Products sell each other.....	14.1	26.1	8.3	---	<u>1</u> /16.0
Splits cost of promotion.....	3.5	---	8.3	14.3	<u>1</u> /4.0
No answer and don't know.....	21.9	13.0	41.8	57.1	24.0
Total.....	100.0	100.0	100.0	100.0	100.0
<hr/>					
Disadvantages:					
Display difficult.....	14.3	4.3	8.3	---	<u>1</u> /10.1
Too involved.....	7.1	---	---	14.3	<u>1</u> /5.1
Hard to coordinate.....	---	4.3	8.3	---	<u>1</u> /2.0
Products not always complimentary.....	7.1	4.3	---	---	<u>1</u> /5.1
No answer and don't know.....	71.5	87.1	83.4	85.7	77.7
Total.....	100.0	100.0	100.0	100.0	100.0

1/ Variation among firms significant at .10 probability level.

Table 10.--Distribution of responses on advantages and disadvantages of joint promotions for complementary products by two or more agricultural commodity groups, by type of organization represented, February 1969

Response	Type or organization				
	Corporate chains	Voluntary chains	Retailer-owned corporation	Service wholesalers	Total
-----Percent-----					
Advantages:					
Greater intensity good for sales.....	40.3	43.4	41.6	14.3	<u>1</u> /39.0
Suggest more use for products.....	22.8	4.3	16.7	---	<u>1</u> /16.0
Products sell each other.....	7.0	26.1	16.7	---	<u>1</u> /13.0
Split cost of promotion.....	3.5	---	8.3	14.3	<u>1</u> /4.0
No answer and don't know.....	26.4	26.2	16.7	71.4	28.0
Total.....	100.0	100.0	100.0	100.0	100.0
Disadvantages:					
Poor coordination.....	3.5	4.3	---	---	3.0
Conflicts between department managers...	5.3	---	---	---	<u>1</u> /3.0
Too involved.....	7.0	4.3	---	14.3	<u>1</u> /6.0
Products not in season at same time.....	3.5	---	---	---	2.0
Miscellaneous.....	7.0	4.3	---	14.3	6.0
No answers and don't know.....	73.7	87.0	100.0	71.4	80.0
Total.....	100.0	99.9	100.0	100.0	100.0

1/ Variation among firms significant at .10 probability level.

biological nature of some products included in a joint promotion. For example, most meats and dairy, poultry, and produce items require refrigerated displays, and frozen foods require freezer cabinets; other processed food items and nonfood items do not. Moreover, physical characteristics of individual items determine the handling procedures and display methods, as these must meet local and State health and sanitation regulations and consumers' standards. In this respect, processed items in sealed containers, such as cans, boxes, and so on, do not require the same care in handling and displaying as fresh fruits and vegetables do. Similarly, differences in physiological and biological characteristics of perishable items, such as meats, fruits, vegetables, milk, and eggs, mean different handling and display procedures are required to prevent contamination from outside sources and to maintain quality. Thus, it is often impractical to display jointly promoted products in contiguous displays. Retailers must resort to placing aisle and end-of-aisle displays of items not requiring refrigeration near the displays that do. Overall size of stores and width of aisles limit the extent to which displays of this nature can be accomplished. Although most problems mentioned by respondents involved the product's physiological and biological qualities, another problem was lack of coordination of activities among agencies sponsoring a promotion. However, most retailers considered this a minor difficulty if the sales potential of the promotion seemed promising.

All joint efforts tend to increase the intensity of a promotion. Also, the cost is split, making it easier for the organizations involved. Retailers said they are particularly attracted to a joint promotion when a brand firm is involved. They suggested that a known brand seems to attract more consumer attention in that the consumer associates a certain standard of quality with the name. Another dealer attraction is the advertising allowance that is frequently offered. Retailers also said they appreciate the added attention they receive from the brand firm's representatives. Most respondents stated that these representatives offer more and better assistance before and during the promotion than does the average commodity group. Where several commodity groups combine forces, the effect is also stronger. Representatives of the commodity groups are better able to split their calls, giving more attention to more retailers. The most outstanding quality of all joint promotional efforts was the added market penetration. Not only is consumer awareness strengthened, but retail involvement is also expanded.

Consumer Incentives

Consumer incentives have become commonplace in today's supermarkets. Seldom does one pass a supermarket shelf without seeing a "cents-off" label, a "two-for-one" deal, or some other special inducement offered consumers by brand advertisers. Agricultural commodity groups have not used such promotional devices to a great extent. Most firms resist promotions that are primarily based on consumer incentives but many have come to believe that these are merely a part of doing business although, admittedly, some are more effective than others.

In the survey, seven specific incentives developed in pretest interviews were discussed in regard to their relative effectiveness. Respondents were asked to select and rate (first, second, and third) consumer incentives they believed were most effective in sales. Only three of these commonly used consumer incentives were accepted and used by a majority of respondents in a promotion: Coupons redeemed at the store, 74 percent; cents-off deals, 69 percent; and coupons redeemed by mail, 57 percent. Stated another way, except for the above incentives, the majority of food firms rejected promotions involving consumer incentives. However, considerable variation occurred among regions and different types of food firms relative to the rejection rate and the order of preference for various incentives (tables 11 and 12).

Coupons redeemed at the store were considered the most effective consumer incentive for stimulating sales. Consumers receive the coupons through various sources, such as newspapers, magazines, and direct mail. These coupons are worth a stated amount on the purchase of a specific product and are redeemed at the checkout counters in the supermarket. The supermarket firms return the coupons to the issuing organization or its redemption agency and are reimbursed for the face value of the coupons plus an allowance for handling. Retailers believed that the allowance for handling was not always sufficient to cover the actual added accounting costs involved. Coupons do create accounting problems for retailers as they tie-up capital at no interest until it is redeemed. In general accounting terms, they become an accounts-receivable item in an otherwise cash-and-carry business. Nevertheless, as shown in tables 11 and 12, coupons were respondents' favorite form of consumer incentive and because of their effectiveness were readily accepted.

Merchandisers and buyers ranked "cents-off" promotions second in sales effectiveness, although problems existed. The one most often mentioned was connected with the special cents-off label. Displays had to be cleared of regularly labeled stock and restocked with the specially labeled product just before the promotion and then restocked with the regularly labeled product after the promotion had ended. Then the question arose as to what should be done with the specially labeled product after the promotion. If it was left on the shelf and integrated with the regular product, customers became confused as to what the "cents-off" label meant. Many respondents believed that this type of promotion is losing its effectiveness because consumers see too many cents-off deals and since they do not know the regular price, are not sure that they are really getting a special deal. Respondents preferred cents-off deals that do not use special labels. POP material could be used to announce the incentive. In this way, dealers could use regular stock and could take advantage of price allowances by ordering extra amounts of the product during the promotion. Also, if the dealer is overstocked, he will at least be able to use the merchandise later.

A program of bonus trading stamps was the third choice of merchandisers. However, only 40 percent of the respondents used these stamps. This type of program usually involves coupons in the firm's newspaper advertisements, which are good for extra trading stamps with the purchase of the promoted product. These coupons are clipped from weekly newspaper ads or can be found in the store. Since all food firms do not use trading stamps, market penetration is limited. There are areas, however, where stamps are widely used and most firms can participate. Agreements must be made with each firm involved regarding reimbursement for extra stamps used during the promotion. For the most part, chains using trading stamps were impressed with the results of bonus-stamp programs and considered them an excellent merchandising technique.

Sweepstakes and two-for-one deals were chosen next. Both of these incentives were considered to have marginal traffic- and profit-building qualities. Most respondents indicated that a number of variables influence consumers' interest in such promotions. For example, a consumer might enter a sweepstakes if the chance of winning is good and the prize of sufficient value; otherwise, he has no interest. Most respondents believed that nationwide sweepstakes and contests were of no value regardless of the value of prizes as consumers seemed to realize their chances of winning were practically zero. The two-for-one deal depends on the usefulness and frequency of need for the product. If the product is one that would not be consumed for a long period of time, there is little incentive for the consumer to purchase two at once. If the product is fast-moving, consumers are likely to respond. But chances are that the profit margin is low for fast-moving products and retailers would have less interest. However, as mentioned, these incentives do have limited traffic-building qualities, and a proper balance of the variables involved can create an effective promotion.

Gadgets attached to packages was one of the least-liked incentives. Although many respondents thought it induced sales, they also believed that such a technique is more trouble than it is worth. Attaching a premium or gift to the outside of a package makes it more bulky; consequently, it uses more shelf space. This means less of the product can be displayed, so restocking is more frequent. Also, the premium can be broken, lost, or stolen, which causes consumer dissatisfaction. There were times that the free gift, such as glassware or kitchen utensils, may compete directly with other merchandise in the store. In addition, the free gift also involves a special package, which creates the same problems that special labels do in the "cents-off" deals. Because of these problems, merchandisers said they avoid promotions using the free gift technique.

Coupons mailed to redemption centers was the third most frequently used incentive but one of the least preferred by respondents. These coupons are usually included with the product and must be mailed for redemption to the issuing firm or its agency. While approximately 60 percent of respondents used the incentive, most cited a number of reasons why it had become ineffective, including the following: Time and effort involved may be less than the value of the refund or gift; mailing cost to the consumer may be greater than the value of the refund or gift; and instructions for mailing and redemption are not always clear. Practically all respondents believed this type of incentive was ineffective unless the refund or premium offered was worthwhile.

Dealer Incentives

The purpose of incentives to tradesmen in promotional campaigns is to obtain greater promotional and merchandising support from food firms. Inducements mentioned include: (1) per case advertising allowances for merchandise purchased for the promotion; (2) formal cooperative advertising agreements between cooperating parties in which vendors or commodity promotional organizations pay all or part of the media-advertising cost for retail firms; and (3) dealer contests in which units or specified employees of cooperating retail food firms compete for prizes furnished by the firm or organization conducting the promotional campaign.

Cooperative advertising agreements, including those with case allowances, generally have provisions for proof of performance by the retailer, such as "tearsheets" from retailers' newspaper advertisements or copies of bills submitted by advertising media. The basic difference in these agreements is the method of remuneration. For "co-op ads," it is on the basis of the commissionable space or time devoted to the advertised product, whereas remuneration for "the advertising allowance" is made on the basis of the number of cases (or similar unit) of the product purchased for the promotion. The latter method facilitates collection and accounting procedures of retailers for products promoted by vendors. It is only necessary to deduct the case allowance from vouchers submitted for payment of merchandise purchased, along with proof of performance. Moreover, remuneration among cooperating firms is proportionate to the volume of merchandise purchased (presumed to be sold) for the promotion. Comments of respondents suggested this type of incentive was frequently offered by most vendors (processors, distributors, and so on) of processed foods and related products. Some said such offer were made so often that they were considered a price concession. Commodity promotional organizations used the case allowance incentive only to a limited extent. No doubt this is because agricultural groups, except for cooperative marketing associations, do not own the products they promote. As a result, they do not take orders for merchandise, unlike food manufacturers' representatives. Thus, cooperating firms must furnish proof of their purchases, as well as proof of advertising, which add to bookkeeping and accounting problems. Most respondents favored cooperative advertising allowances and agreements. Nationwide, 83 percent had participated in promotions involving cooperative advertising during the year before they were interviewed (table 13).

Many agricultural commodity organizations use dealer contests in their promotional programs. The contest may be based on: (1) sales increases over some predetermined base period--measured in either total volume or percentage, (2) appearance of displays (generally referred to as display contests), or (3) a combination of sales and appearance. Whatever the type of contest, the sponsoring agencies are primarily interested in increasing the sales volume of promoted products and use contests to induce cooperating food firms to give greater support to promotional campaigns.

Nationwide, about 60 percent of respondents indicated that employees of their firms had participated in one or more contests sponsored by an outside agency during the previous year (tables 13 and 14). Except for contests sponsored by the food firm itself, competition was between personnel of individual retail units served by a buying office.^{13/} This meant competition was between store managers or between department managers of individual retail outlets served by a buying office or distribution center.

Respondents pointed out advantages and disadvantages of the different types of contests. Display contests were easy to administer, since awards were based on appearance only. This alleviated the problem of establishing criteria to ensure equitable treatment of large and small stores. However, the reactions of consumers to displays may be different from those of the judges, so that the winning display may not be as productive in sales as the others. The purpose of displays is to increase sales; thus, if the winner is not among the top sales performers, such contests may create ill feelings among store personnel. Moreover, some store or department managers, or both, have developed ingenuity in building displays that attract the attention of judges, and they have gained reputations as "contest winners." This discourages other potential contestants. In addition, such problems may be magnified if winning displays are selected from photographs, as the skill of the photographer is involved.

The survey indicated that dealer contests based on sales performance are appealing to management of food firms, as well as to management of firms and organizations sponsoring the contests, because the winners are sales producers. However, many problems are associated with these contests. They add administrative burdens to participating retail firms, including establishing a sales basis for each participating store; increasing supervision to ensure compliance with contest rules; auditing sales; and establishing contest criteria that will ensure equitable treatment of personnel at stores of different size and sales potential. For example, if criteria are based on volume gain in total sales, personnel of large stores serving greater numbers of customers have advantages over those of smaller stores. On the other hand, if criteria are based on percentage gain, smaller stores are generally favored because of the smaller base from which percentage increases in sales are calculated. Thus, to treat all personnel equitably, those who set up the contest would need to group stores according to size or sales volume and then conduct separate contests among each group. Even then, inequities may occur. For instance, energetic store or department managers may have obtained 90 percent of the potential sales volume in their trading area through aggressive merchandising, whereas average and below-average managers may have obtained only 25 to 50 percent of the potential volume in their areas. As a result, average and below-average managers would have a potential advantage during short contest periods. Food firm management noted that sales contests also encouraged overstocking and even dishonesty among some employees. Except in the western region, respondents favored contests that combined features of the display and sales contests (table 15). Comments indicated that desirable features of each could be combined to provide equitable treatment for all contestants.

^{13/} The buying office encompasses division headquarters of large chains; headquarters of small chains; headquarters, or division headquarters of voluntary organizations having more than 1 division; and so on.

Table 13.--Regional distribution of retail-wholesale trade accepting incentives in agricultural commodity and brand promotions, January 1968-February 1969

Incentive	Region				
	Northeast	South	North-central	West	Total
	-----Percent 1/-----				
Cooperative advance allowances.....	73	84	90	83	83
Dealer contests.....	50	68	61	56	59

1/ Variations among regions no greater than could be expected from sampling variation for either incentive.

Table 14.--Regional distribution of food firms participating in dealer contests, January 1968-February 1969

Item	Region				
	Northeast	South	North-central	West	Total
	-----Percent 1/-----				
Firms participating.....	50	68	61	56	59
Administrative control:					
Division headquarters.....	31	47	50	50	45
Central headquarters.....	69	47	50	40	52
Other.....	--	7	--	10	4
Units competing: 1/					
Between stores 2/.....	73	88	58	70	72
Between divisions 3/.....	--	6	--	10	4
Other 4/.....	27	6	42	20	25

1/ Percentages do not add to 100 because of rounding.

2/ Between personnel of individual stores within divisions.

3/ Between personnel of division headquarters within each organization.

4/ Primarily between individual store personnel in regional and national contests involving other firms.

Other general comments by respondents are worthy of consideration by agricultural commodity organizations using dealer contests in their promotional campaigns. First, prizes should be selected on the basis of the needs and level of responsibility of contestants in relation to the expected sales gains from the contest. In this respect, several respondents pointed out that while a 2 weeks' paid vacation to Hawaii (or a comparable place) or a mink coat might be an inducement for a division merchandiser, it would have less appeal to a produce department manager than would an automatic washing machine, a portable television set, or other similar lower cost prizes. Second, the area covered by contests should be limited to metropolitan areas or, for example, the area covered by a division headquarters for a corporate or voluntary chain. Otherwise, the probability of a contestant winning is so low that few will participate. Because of this, several respondents voiced the opinion that nationwide or regional contests for store personnel were ineffective regardless of the prize. Respondents suggested that to induce competition, contest organizers should subdivide these contests below the regional level into an area and subareas somewhat like the brackets in basketball tournaments, for example. In these, winners at each level compete for higher value prizes as they progress through successively higher levels of competition. This procedure would increase the opportunity of winning at the lowest level, as well as succeeding levels, of competition and thereby provide a greater incentive to potential contestants in regional and nationwide contests.

FACTORS AFFECTING ACCEPTANCE AND USE OF POINT-OF-PURCHASE MATERIAL

Gaining retailers' acceptance and use of POP material is a prime concern of commodity groups. In 1962, the average cost of such material equaled approximately 10 percent of a commodity group's annual budget.^{14/} For many groups, the percentage was much higher. Based on the 1962 expenditures, an estimated expenditure of \$10 million could be expected for POP material in 1970. Promotional groups have complained that the material supplied retailers for promotions is not used. When this is the case, the cost of the material is lost, as well as any sales gain expected from its use. With these factors in mind, respondents were asked to discuss factors that would affect their use of display material. Areas discussed included design, cost, handling, and methods of distribution.

Nearly all respondents were emphatic that POP materials should be furnished free (table 16). Some commodity groups do charge for material, but this discourages participation. Retailers would, in certain instances, like commodity group representatives to put up display material in the stores at no charge. (In some areas, store policies or union contracts prohibit this. In all cases, however, the management must approve before the displays can be erected.) In instances where display pieces are particularly complicated, retailers indicated they would appreciate a representative's instructing store personnel about its use. Such an effort would not be appreciated if the instruction required much time. Personnel time is another expense the chain operator wishes to minimize. It becomes an indirect cost for promotion material. Thus, respondents believed the material should be free and designed to be erected in a minimum length of time.

Design of promotional material was an important factor in the decision as to its use. Many respondents believed that much of the material they received did not fit their needs, which are related to decor and size of modern supermarkets. Most of the newer supermarkets were designed to give a clean, spacious appearance. To maintain this effect, retailers keep overhead obstructions to a minimum. This eliminates the

^{14/} See Promotional Activities of Agricultural Groups, Mark. Res. Rpt. 742, tables 4 and 6, pp. 21 and 23.

Table 15.--Regional distribution of type of dealer contest preferred by food firms, February-March 1969

Type of dealer contest	Region				
	Northeast	South	North-central	West	Total
	-----Percent-----				
Sales.....	27	12	22	--	1/17
Display.....	13	6	6	60	1/17
Combination sales and display...	60	82	72	40	67

1/ Variations among regions significant at .10 probability level.

Table 16.--Regional distribution of responses on techniques of obtaining retail-wholesale trade acceptance and use of point-of-purchase materials, February 1969

Techniques	Region				
	Northeast	South	North-central	West	Total
	-----Percent-----				
Furnish materials free.....	80.8	92.0	71.0	94.4	83.0
Put up materials free.....	46.2	48.0	38.7	44.4	44.0
Demonstrate use of materials....	7.7	28.0	22.6	11.1	1/18.0
Customize materials.....	53.8	36.0	58.1	61.1	1/52.0
Use product demonstrators.....	46.2	36.0	51.6	33.3	43.0
Miscellaneous.....	23.4	32.0	9.7	0	17.0

1/ Variations among regions statistically significant at .10 probability level.

use of many wirehanging and ceiling-suspended display pieces. Use of wall posters and banners is also restricted. In this respect, most merchandisers were interested in materials that could be used directly with the products and could emphasize displays of individual products. Such materials include die cuts, display price cards, and theme posters.

Most chains have stores of varying size, and respondents believed that much of the material they receive is only suitable for larger stores. Since small stores cannot accommodate the large pieces they receive, these pieces are thrown away.

Reasonable solutions were offered by a number of respondents. Those most often mentioned each involved some consultation with the retail firms. One proposal was to offer retailers a catalogue of available material. The merchandiser would then choose the materials he wanted. Another proposed solution was to offer packaged display material for large, medium-sized, and small stores. A buyer or merchandiser could then order the prepacked material in sizes corresponding to those of his stores. Probably the most important suggestion was that groups consult with chain-store merchandisers before finalizing POP-material plans: Let retail merchandisers participate in planning the promotion. For many commodity groups, this would provide often needed professional help. This also means that the retailer becomes significantly involved in the promotion and, therefore, his support is ensured.

POP material can be distributed to participating firms in several ways. Although many respondents believed it should be shipped to the head of the department responsible for the promoted products, there were too few who thought this to conclude that it was the preferred means of distribution. Some believed it should be sent packaged with the product while others preferred that it be sent to advertising or promotion departments (table 17). Here again, it would be wise for commodity groups to consult with the participating chain management as to the method preferred.

PROMOTIONAL TECHNIQUES INFLUENCING TIE-IN ADVERTISEMENTS OF WHOLESALE AND RETAIL FOOD FIRMS

Respondents listed several techniques for agricultural promotional organizations to use that would influence the extent of respondents' media advertisements for a specific product. Practically all respondents listed three or more techniques that would induce them to feature a promoted product in their regular advertisements. Techniques listed most frequently were: Cooperative advertising agreements and allowances, over 80 percent; 30-30 radio commercials defined on p. 32, sponsored by promotional organizations, approximately 70 percent; and institutional-type advertising sponsored by promotional organizations, 52 percent. Coupons and consumer contests; dealer contests; publicity campaigns; and free advertising materials, such as scripts, tapes, and slides, and so on, were named by 34 to 45 percent of respondents. The order of rating or preference generally followed the same pattern in all regions. However, the percentage listing each technique varied considerably among the regions (table 18). As was pointed out previously, data suggest that food firms in the southern and north-central regions are promotion-oriented and more apt to cooperate in promotional campaigns than are similar firms located in the northeastern and western regions.

Table 17.--Regional distribution of retail-wholesale trade suggestions about proper distribution of promotional materials, February 1969

Distribution methods	Region				
	Northeast	South	North-central	West	Total
	<u>Percent</u>				
With product.....	19.2	12.0	12.9	22.2	16.0
To advertising and promotion department.....	38.4	28.0	25.8	22.2	29.0
To department head.....	7.6	56.0	29.0	33.3	<u>1</u> /31.0
To store supervisor.....	7.6	---	3.2	---	3.0
Miscellaneous.....	11.5	4.0	16.1	11.1	11.0
No response.....	15.3	---	12.9	11.1	10.0

1/ Variation among regions significant at .05 probability level.

Table 18.--Regional distribution of responses on selected promotional techniques or inducements that would encourage food firms to "tie-in" media advertising in support of agricultural commodity campaigns, February-March 1969

Technique or inducement	Region				
	Total	Northeast	South	North-central	West
	<u>Percent</u>				
Cooperative advertising arrangements.....	<u>1</u> /83	70	84	90	83
Local 30-30 radio commercials....	<u>1</u> /68	62	84	61	67
Institutional advertising.....	<u>1</u> /52	38	84	41	44
Consumer incentives: coupons, contests, and so on.....	<u>1</u> /45	35	56	55	28
Dealer contests.....	<u>1</u> /42	27	56	55	22
Publicity campaigns.....	37	31	48	37	33
Free advertising mats, tapes, and so on.....	34	23	44	46	17
Other.....	8	8	8	13	0

1/ Variation among regions statistically significant at .05 probability level.

The order of ratings by different types of firms was similar to the order for all firms. But the percentage of respondents listing a specific technique as an inducement to include a product in the firms' advertisements varied significantly among different types of organizations. In this respect, service wholesalers were the least likely to support a promotional campaign, while voluntary chain organizations and cooperatives were the most likely to support promotional campaigns with additional media advertising (table 19).

It is easy to understand why cooperative arrangements were the leading inducement, since firms and organizations sponsoring promotional campaigns either directly or indirectly pay the cooperating retailers' advertising expenditures for a product. In fact, one might question why almost 20 percent of respondents would reject this as an inducement. Here, unsolicited comments of respondents suggest a variety of reasons that are not immediately apparent, such as: (1) complexity of agreement and stringency of performance requirements; (2) fear of inadvertent violation of provisions of the Robinson-Patman Act; and (3) rate of turnover and relative profitability of the promoted product.

The 30-30 radio commercial arrangement, in which 1 minute of media time is divided between the sponsor (his message for the product) and the cooperating retailers (a listing of outlets where the product can be obtained, and so on), is similar in some respects to the cooperative advertising arrangements. The sponsors of the campaigns schedule the commercials and pay all media cost, but do not share any of the cooperating firm's regular media cost. This means that the cooperating retailer includes the product in his regular advertisement at his own expense, hoping to obtain a share of any sales that might be generated by the sponsors' advertisement.

The term "institutional advertising," used in table 19 and elsewhere in this report, refers to advertisements that are placed by firms or organizations sponsoring promotional campaigns and that are designed to build a favorable image and attract the attention of consumers to the advertised product. In general, no reference is made concerning names of outlets in which products can be purchased. Media advertisements placed by retailers and wholesalers for such products are at their own expense and add to the media exposure for the product. One might surmise that retailers and wholesalers believe the advertisements placed by campaign sponsors will generate consumer interest and added sales and thus place their advertisements to maintain or gain a greater share of sales of the advertised product.

Publicity campaigns depend on free time and space in mass media. For food products, these are generally handled through food editors' columns in newspapers and magazines, and advertisements and demonstrations of kitchen appliance manufacturers. Approximately 35 percent of respondents indicated that publicity campaigns helped sales and under certain circumstances would encourage them to include the product in their advertisements. Respondents pointed out that while information in food editors' columns was believable and exerted an influence on homemakers' purchases, there was no control over timing of such publicity. As a result, they found it difficult to coordinate their advertising with publicity campaigns.

Free mats, scripts, tapes, and so on, are indirect subsidies of advertising costs of cooperating retail and wholesale firms, in as much as the production cost of art work and related work for these items is borne by the sponsoring organization. The advantage to the organization of controlling the way its product is presented to consumers in the retailers' advertisements may be disadvantageous to the retailer by reducing his flexibility in use of time or space. About 35 percent of respondents, however, indicated these free materials would induce them to feature a product in their advertisements.

Table 19.--Distribution of responses on selected promotional techniques or inducements that would encourage food firms to "tie-in" media advertising in support of agricultural commodity campaigns, by type of organization, February-March 1969

Technique or inducement	Type of Organization				
	Total	Corporate chains	Voluntary chains	Retailer- owned cooperatives	Service wholesalers
	<u>Percent</u>				
Cooperative advertising arrangements.....	83	84	91	83	<u>1/43</u>
Local 30-30 radio commercials.....	68	70	74	75	<u>1/28</u>
Institutional advertising.....	52	53	61	58	<u>1/14</u>
Consumer incentives (coupons, contests, and so on).....	45	30	<u>1/78</u>	42	57
Dealer contests.....	42	35	57	50	43
Publicity campaigns.....	37	37	39	33	28
Free advertising mats, tapes, and so on.....	34	30	<u>1/52</u>	25	<u>1/14</u>
Other.....	8	3	<u>1/22</u>	8	<u>1/ 0</u>

1/ Statistically different from other firms at .05 probability level.

Miscellaneous inducements, listed by about 8 percent of respondents, included store demonstrators; direct-mail advertising; educational films released to schools, homemakers' clubs, and so on; and in-store promotional materials featuring seasonal themes.

Respondents were asked to rank, from first through third, their preference for these promotional techniques. Cooperative advertising arrangements were by far the leading choice as an inducement to fully support promotional campaigns. Forty-eight percent of the respondents listed this technique as their first choice, 15 percent as second, 4 percent as third, and 16 percent as fourth and lower choices. Only 17 percent indicated that cooperative agreements would not induce them to advertise a product. Of the other techniques listed only institutional advertising and 30-30 radio commercials were listed as first, second, and third choices by a significant percentage of the respondents (table 20). The same general pattern of choices held over regions and different types of organizations. This concentration of preference for cooperative advertising arrangements, institutional advertising, and 30-30 radio commercials among the top three ratings could indicate that other techniques were looked upon as supportive. For example, it is difficult to visualize the use of coupons and various consumer contests without advertising (media or direct-mail) to inform consumers.

FEATURES RETAILERS AND WHOLESALERS WOULD USE IN COMMODITY PROMOTIONAL CAMPAIGNS

The final question asked each respondent was to list the features he would include in a commodity promotional campaign if he were responsible for planning and conducting it. Most respondents said their ideas had already been covered in previous questions; however, a great majority (approximately 84 percent) were willing to summarize their ideas. Suggestions corresponded to previous answers except in one instance. The predominant features suggested were dealer incentives (cooperative advertising, advertising allowances, and dealer contests), good POP material, good field representatives, and strong media advertising. These factors were included in the first four choices in all regions except the southern region. There, improvement of quality and consumer education were the third and fourth most frequently suggested items, respectively. In this region, however, strong media advertising and good representation, each suggested by 12 percent of the respondents, were a close fifth to consumer education (table 21). Understandably, retailers and wholesalers in the South are more conscious of the need for quality improvement, as they are nearer the concentrated producing areas of fresh fruits and vegetables; and, as mentioned earlier, the economics of marketing suggest that lower quality products are marketed nearer producing areas. A twofold to fivefold greater percentage of respondents in this region over other regions suggested that consumers be educated on product usage. This raises serious questions for the commodity organization in these nearby producing areas as to their promotional strategy. The management of these organizations perhaps expect residents of nearby urban consumer areas to be knowledgeable about product usage, when in fact they do not know the various uses of nonprocessed agricultural products. These findings suggest that such organizations should include information on product usage in their promotional programs for these areas; and they should encourage producers to improve their products.

Other frequent suggestions included consumer incentives, consumer education programs, improvement of product quality, and promotions conducted when products are in season. Ironically, in answering previous questions, the majority of respondents had been vehement about poor coordination in commodity promotional campaigns. Yet good coordination was not mentioned to a significant extent when respondents were listing features that they would include in planning promotional campaigns.

Table 20.--Distribution of responses on preference ratings for promotional techniques or inducements that would encourage food firms--through media advertising--to support agricultural commodity campaigns, by type of organization, February-March 1969

Technique or inducement	All firms								Corporate chains								Voluntary chains							
	1st	2nd	3rd	4th-8th	Total	choice	choice	choice	1st	2nd	3rd	4th-8th	Total	choice	choice	choice	1st	2nd	3rd	4th-8th	Total	choice	choice	choice
Cooperative advertising arrangements.....	83	48	15	4	16	84	49	16	5	14	91	43	17	4	22									
Local 30-30 radio																								
Commercial.....	68	10	18	12	28	70	14	18	12	26	74	4	4	17	39									
Institutional advertising.....	52	10	7	6	29	56	11	11	9	23	61	9	4	--	43									
Consumer incentives.....	45	3	10	10	22	31	--	9	11	11	178	9	22	9	39									
Dealer contests.....	42	3	7	7	25	35	5	4	7	19	57	--	9	4	43									
Publicity campaigns.....	37	--	4	12	21	36	--	5	12	19	39	--	--	13	26									
Free advertising mats, tapes, and so on.....	34	4	7	4	19	31	2	9	4	16	152	13	9	4	26									
Other.....	8	1	--	1	6	4	--	--	--	4	22	4	--	4	13									
Percent-----																								
Retailer-owned cooperatives												Service wholesalers												
1st	2nd	3rd	4th-8th	Total	choice	choice	choice	1st	2nd	3rd	4th-8th	Total	choice	choice	choice									
1st	2nd	3rd	4th-8th	Total	choice	choice	choice	1st	2nd	3rd	4th-8th	Total	choice	choice	choice									
1st	2nd	3rd	4th-8th	Total	choice	choice	choice	1st	2nd	3rd	4th-8th	Total	choice	choice	choice									
Percent-----												Percent-----												
Cooperative advertising arrangements.....	83	67	8	--	8	1/43	29	--	--	--	14													
Local 30-30 radio																								
Commercial.....	75	8	42	8	17	1/29	--	--	--	29	--													
Institutional advertising.....	58	8	--	--	50	1/14	--	--	--	14	--													
Consumer incentives.....	41	--	--	8	33	57	14	--	--	14	29													
Dealer contests.....	51	--	17	17	17	43	--	14	--	--	29													
Publicity campaigns.....	1/53	--	8	8	17	29	--	--	--	--	29													
Free advertising mats, tapes, and so on.....	25	--	--	8	17	14	--	--	--	--	14													
Other.....	8	--	--	--	8	0	--	--	--	--	--													

1/ Statistically different from other firms at .05 probability level.

Table 21.--Distribution of features retail-wholesale trade would incorporate in an agricultural commodity promotion if responsible for planning it, by region and type of organization represented, February 1969

Region and type of organization	Strong : media adver- tising	Dealer : incentives	Consumer : incentives	Good field : representatives	Good POP: material	Promote in: season	Consumer: education	Improve: quality	Miscellaneous
									1/
Region:									
Northeast.....	20.0	23.1	7.7	30.8	34.6	15.4	7.7	---	11.5
South.....	12.0	44.0	4.0	12.0	24.0	4.0	16.0	20.0	4.0
North-central.....	25.8	35.5	12.9	29.0	32.0	---	3.2	3.2	3.2
West.....	33.3	50.0	5.6	27.8	38.9	---	5.6	5.6	---
All.....	22.0	<u>2/37.0</u>	8.0	25.0	32.0	<u>2/5.0</u>	8.0	<u>3/7.0</u>	5.0
Type of organization:									
Corporate chains.....	22.8	38.6	7.0	15.8	33.3	3.5	10.5	7.0	5.3
Voluntary chains.....	30.4	39.1	13.0	43.5	30.4	4.3	---	8.7	8.7
Retailer-owned									
cooperatives.....	9.1	33.3	---	33.3	25.0	8.3	8.3	8.3	---
Service wholesalers.....	---	14.3	14.3	28.6	28.6	14.3	14.3	---	---
All.....	<u>2/22.2</u>	<u>2/37.0</u>	<u>3/8.0</u>	<u>2/25.0</u>	32.0	<u>3/5.0</u>	<u>3/8.0</u>	7.0	5.0

1/ Miscellaneous suggestions included store demonstrators, and so on, but were not mentioned frequently enough to equal 1 percent within a region or type of organization.

2/ Variations among regions and firms statistically significant at .05 probability level.

3/ Variations among regions and firms statistically significant at .10 probability level.

APPENDIX

SAMPLE CITIES AND NUMBER OF FIRMS INTERVIEWED, BY REGION

Northeastern	26
New England	7
Boston	4
Worcester	3
Middle Atlantic	19
New York	8
Syracuse	3
Pittsburgh	3
Philadelphia	5
Southern	25
South Atlantic	13
Atlanta	4
Baltimore/Washington	6
Jacksonville	3
West South-central	8
Houston	4
Dallas	4
East South-central	4
Nashville	4
North-central	31
East North-central	23
Milwaukee	4
Cincinnati	3
Chicago	4
Detroit	4
Indianapolis	3
Cleveland	5
West North-central	8
Minneapolis	4
Kansas City	4
Western	18
Mountain	4
Denver	4
Pacific	14
Portland	4
Los Angeles	4
San Francisco	4
Seattle	2
Total	100

QUESTIONNAIRE - APPRAISAL OF TRADE PARTICIPATION IN
AGRICULTURAL COMMODITY PROMOTIONAL PROGRAMS, AND FACTORS AFFECTING
LEVEL OF PARTICIPATION

INTRODUCTION: The object of this study is to develop information that will provide guidelines for commodity groups to better plan promotion programs in order to meet food retailers and wholesalers needs. Hopefully, such guidelines will result in more effective and profitable campaigns for the trade as well as the commodity groups. Information you supply will be kept confidential and will be used only in combination with reports from others.

CLASSIFICATION INFORMATION

Name of firm _____

Address _____

City, State _____

Type of organization:

Corporate Retail Chain.....()

Affiliated Retail Chain (Cooperatives, voluntary chains, etc.).....()

Service Wholesaler.....()

Geographical area and number of stores served _____

I. EXTENT OF PARTICIPATION

1. Does your firm participate in commodity and/or brand sales promotion campaigns?

() Yes

() No - Skip to question 1, Section VI

2. What is your best estimate of the number of manufacturers' brand promotions offered your firm in the last 12 months. _____

3. In approximately what percent of these did your firm participate? _____%

4. What is your best estimate of the number of commodity promotion campaigns offered your firm in the last 12 months? _____

5. In approximately what percentage of these did your firm participate? _____%

For those commodity campaigns in which your firm participated, would you classify your firms participation into: (1) Campaigns that were supported fully, (2) campaigns that were given only partial support and (3) campaigns that were given only passive support.

A. What percent were given full support? _____%

When giving a campaign full support did you usually:

____ Feature the product in your ads

____ Provide special displays

____ Use point of purchase material

____ Other _____

- B. What percent were given only partial support? _____%
- When giving a campaign partial support did you usually:
- _____ Have larger than usual displays
- _____ Use some point of purchase material
- _____ Have a line listing in your weekly newspaper advertisement
- _____ Other _____
- C. What percent were given only passive support? _____%
- When giving a campaign only passive support did you usually:
- _____ Offer product but with no active promotion
- _____ Use a minimum of point of purchase material
- _____ Exclude the product from your ads

II. REACTIONS TO PROMOTIONAL PROGRAMS sponsored by commodity groups in which you have participated.

1. Of the commodity promotional programs in which your firm participated:

- A. Do you recall any that were outstanding from a sales standpoint during the last 12 months?

() Yes

() No

If YES, what, from your viewpoint, was there about the campaign(s) that contributed or caused it to be an outstanding success?

- B. Do you recall any that were failures or disappointing from a sales standpoint? () Yes () No

If YES, what specifically do you recall about the campaign(s) that caused it to be a failure or disappointment?

2. In your opinion, what are the advantages or disadvantages, if any, of cooperative promotional efforts between brand advertisers and advertising sponsored by agricultural commodity organizations for the same product. For example, Minute Maid Orange Juice and Florida Citrus Commission cooperating to promote orange juice.^{1/} () None

() Advantages, explain _____

() Disadvantages, explain _____

^{1/} Mention of brand name is for purpose of illustration only and does not imply endorsement by USDA.

3. What would you say are the advantages or disadvantages, if any, of tie-in promotions between commodity organizations and brand advertisers for related products. For example, promoting chicken in connection with corn flakes or aluminum foil. ☐ None

☐ Advantages, explain _____

☐ Disadvantages, explain _____

4. From your experience, do you see any advantage or disadvantage to joint or cooperative commodity promotional efforts for complimentary commodities. For example, lamb and peach promotions, or lettuce and apple groups combining efforts to promote Waldorf salad. ☐ None

☐ Advantages, explain _____

☐ Disadvantages, explain _____

III. FACTORS WHICH LIMIT PARTICIPATION

At this point we would like to determine the factors that have limited your participation, if at all, in past commodity sponsored promotional activities. (Note to interviewers: A partial list of possible reasons follows. This list is not to be read but for use in checking reasons given.)

1. Company policy prohibiting or limiting participation. ☐
2. Too costly in terms of personnel time requirements. ☐
3. Too many promotions offered, cannot participate in all. ☐
4. Poor planning, in terms of presenting promotional programs to the firms involved, lack of follow through, and/or unrealistic goals or targets. ☐
5. Poor liaison between commodity organizations and various trade segments such as shipping point sales agents, wholesalers, etc., and your firm. For example, have you noticed any lack of awareness on the part of suppliers participating in the campaigns in which you have participated. ☐
6. Late or nondelivery of promised promotional materials. ☐
7. Poor timing of promotions with respect to:
☐ Seasonal demand ☐ Time requirements of trade
8. Products not available to your firm at reasonable prices ☐

9. Poor quality products ()
10. Others (specify) _____
- _____
- _____
- _____

IV. COMMUNICATIONS AND COORDINATION PROCEDURES

1. At what management level in your organization is the decision made to participate, if at all, in promotions sponsored by commodity groups?
- _____
- _____
2. Generally, how much lead time do you require to schedule your activities to participate in promotional campaigns?
- _____
- _____
3. From your experience, what is the best way for a commodity group to advise the various trade segments of proposed promotional activities to obtain: (1) Maximum participation by retailers, and (2) Follow up sales support of suppliers (shippers).
- _____
- _____
- _____
- _____

V. PROMOTIONAL ACTIVITIES AND TECHNIQUES

- A. Have the employees of your firm participated in any intra-firm sales contests that were sponsored by commodity trade organizations in the last 12 months? () Yes () No - Skip to question B of this section
- (1) At what organizational level, in your firm, are the contests administered?
- _____
- _____

(2) What components of your firm generally compete, that is,

☐ Between stores within administrative units,

☐ Between districts,

☐ Between divisions,

☐ Other _____

(3) In what kinds of contests has your firm participated. Rate the performance 1 for best, 2 - 3 etc.

☐ Sales contest ☐ Display contest ☐ Others (specify):

B. Has your firm participated in promotional campaigns that offered any of these consumer incentives in the last 12 months? ☐ Yes ☐ No
If yes, did you experience any noticeable sales gains as a result of these contests? Check which ones and rate as to relative effectiveness and preference (Rate 1 for best, 2, 3, etc.).

Incentive	<u>Participated?</u>	How would you rate as to sales gain?
Sweepstakes.....	_____	_____
Coupons, redeemed at store.....	_____	_____
Coupons, mailed to redemption center...	_____	_____
Cents off.....	_____	_____
2 for 1 deals.....	_____	_____
Bonus trading stamps	_____	_____
Gadgets attached to package or given with minimum purchase	_____	_____
Consumer contests.....	_____	_____
Others (specify)_____	_____	_____
_____	_____	_____
_____	_____	_____

Has your firm experienced any difficulties in connection with participating in campaigns offering consumer incentives?

☐ Yes

☐ No

If yes, specify incentive and what problems were associated with it.

2. Point of purchase materials.

A. Does your firm use point of purchase material in retail outlets?

() Yes

() No

If NO, why not

(1) What are the best ways for commodity groups to gain acceptance and use of point of purchase materials? (Note to Interviewer: A partial list of ways follows. List is not to be read but is for use in checking ways given.)

- () To make point of purchase material free
- () To put up material at no charge
- () To conduct demonstrations in use of materials for operating personnel
- () To customize material in relation to specific size, certain requirements of your firm
- () To have product demonstrations by demonstrator when applicable
- () Other

(Ask if respondent indicates material should be customized)
Would your firm be willing to pay for this customized service?

Yes ()

No ()

(2) To get maximum usage of point of purchase material, should the commodity group furnish material through:

- () Vendors and suppliers of the commodity by including promotional materials in master shipping container.
- () Your advertising and promotion department,
- () The head of the department responsible for that commodity,
- () Store supervisors and district managers,
- () Other (specify)

3. Media

- A. Here is a list of inducements used to enlist the trade in commodity promotional campaigns.

Which, if any, would encourage your firm to tie-in your media advertising with a campaign sponsored by a commodity group? Of those selected, rate your preference 1 for first choice, 2, 3, etc.

- () 30-30 radio (one minute radio commercials with 30 seconds devoted to the sponsoring commodity group and 30 seconds devoted to the participating firm.)
- () Free scripts, tapes, and slides for radio and TV,
- () Co-op advertising allowances,
- () Dealer contests,
- () Consumer contest, coupons, etc.
- () Institutional type commodity advertising aimed at pre-selling the product,
- () Publicity campaigns utilizing free time and space in news media,
- () Other (specify) _____

- B. Finally, if you, as a (retailer) (wholesaler), had some influence on the design of a commodity promotion, what would you incorporate in this program?

(For those who answered NO to question 1, Section I)

VI. REASONS FOR NONPARTICIPATION IN PROMOTIONAL CAMPAIGNS

1. Why is it that you do not participate in such campaigns?

3. Are there any circumstances that would induce your firm to participate in such campaigns?

End of interview, thank respondent and determine if a copy of the finished report is desired.

() Yes () No

If YES

Name and title _____

Address _____

Appendix table 1.--Regional distribution of standard errors of sample percentages, food firm survey, February 1969 1/

Sample percentage	Region				
	Total	Northeast	South	North-central	West
	-----Percent-----				
5 and 95.....	2.2	4.4	4.4	4.0	4.9
10 and 90.....	3.0	6.0	6.0	5.5	6.7
15 and 85.....	3.6	7.1	7.1	6.5	8.0
20 and 80.....	4.0	8.0	8.0	7.3	8.9
25 and 75.....	4.3	8.7	8.7	7.9	9.7
30 and 70.....	4.6	9.2	9.2	8.4	10.2
35 and 65.....	4.8	9.5	9.5	8.7	10.7
40 and 60.....	4.9	9.8	9.8	8.9	11.0
45 and 55.....	5.0	9.9	9.9	9.1	11.1
50.....	5.0	10.0	10.0	9.1	11.2

1/ If repeated samples such as the ones used in the study were surveyed through use of the same questionnaire, it is expected that the percentages of respondents giving the same answers to specific questions would fall within the range of the percentages found in the survey reported on here, plus or minus the standard error in 67 percent of the surveys, and within plus or minus 2 times the standard error in 95 percent of the surveys. For example, if 20 percent of the respondents in the Northeastern region gave a specific response to a question, one could expect from 12 to 28 percent to give the same response in 17 of 100 similar surveys, and from 4 to 36 percent in 95 of 100 similar surveys.

Appendix table 2.--Distribution of standard errors of sample percentages,
by type of organization, food firm survey. February 1969 1/

Sample percentage	Type of organization				
	Total	Corporate chain	Voluntary chain	Cooperatives	Service wholesalers
5 and 95.....	2.2	3.3	4.4	5.9	6.9
10 and 90.....	3.0	4.2	6.0	8.1	9.5
15 and 85.....	3.6	5.0	7.1	9.7	11.3
20 and 80.....	4.0	5.7	8.0	10.3	12.6
25 and 75.....	4.3	6.1	8.7	11.2	13.7
30 and 70.....	4.6	6.5	9.2	11.8	14.5
35 and 65.....	4.8	6.7	9.5	12.3	15.1
40 and 60.....	4.9	6.9	9.8	12.2	15.5
45 and 60.....	5.0	7.0	9.9	12.8	15.7
50.....	5.0	7.1	10.0	12.9	15.8

1/ If repeated samples such as the ones used in the study were surveyed through use of the same questionnaire, it is expected that the percentages of respondents giving the same answers to specific questions would fall within the range of the percentages found in the survey reported on here, plus or minus the standard error in 67 percent of the surveys, and within plus or minus 2 times the standard error in 95 percent of the surveys. For example, if 15 percent of the respondents representing corporate chains gave a specific response to a question, one could expect from 10 to 20 percent to give the same response in 67 of 100 similar surveys, and from 5 to 25 percent to give the same response in 95 to 100 similar surveys.